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United States
Department of
Agriculture

Foreign
Agricultural
Service

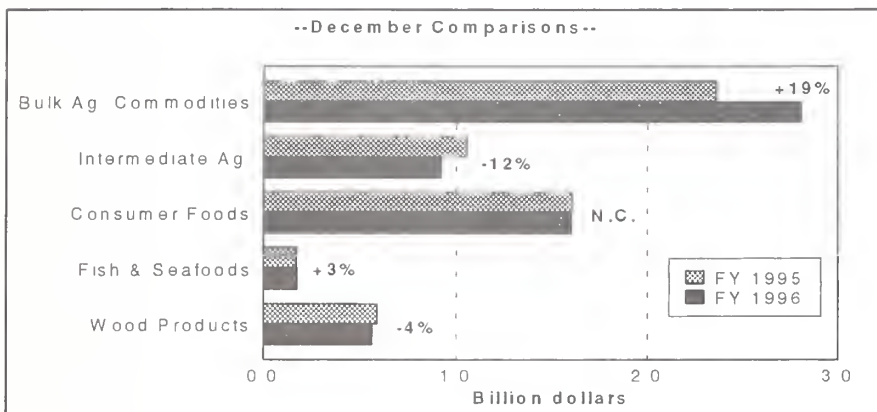
Circular Series

ATH 3 96
March 1996

Agricultural Trade Highlights

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March 1996

Exports Rise 5 Percent in December



Department of Commerce trade statistics placed the value of December's exports of *agricultural, fish, and forest products* at \$6.1 billion, up 5 percent over December 1994. Agricultural exports were up 6 percent at \$5.3 billion. Although bulk commodity exports registered a gain of 19 percent, intermediate products registered a 12-percent decline and consumer-oriented foods were unchanged from December 1994. Export value for fish and forest products in December totaled \$747 million, down 3 percent from December 1994. December's shipments bring cumulative export value for the first 3 months of fiscal year 1996 for agricultural, fish, and forest products to \$18 billion, up 9 percent (\$1.5 billion) over the same period a year earlier.

At \$2.8 billion in December, U.S. export value for *bulk commodities* rose 19 percent over the same month a year earlier. Bulk commodity exports totaled \$7.8 billion during the first 3 months of fiscal year 1996, up 25 percent over the same period a year earlier. The increase in export value largely is attributed to higher prices and increased export volumes for grains, oilseeds, and cotton.

U.S. exports of *intermediate products* totaled \$926 million in December, down 12 percent from December 1994.

Declines were broad-based, with lower exports registered in nine of the 11 product groups. The value of intermediate exports during the first three months of fiscal year 1996 fell 6 percent from a year earlier to \$2.7 billion. Soybean oil exports have recorded the largest decline to date, down \$114 million (or 52 percent) to \$105 million. Other product groups registering declines include wheat flour, soybean meal, animal fats, planting seeds, and sugars and sweeteners.

Reduced sales to Mexico and Canada are responsible for slow growth in exports of U.S. *consumer-oriented products*. The value of consumer food exports during the first quarter of fiscal year 1996 exceeded a year earlier by only 5 percent, while the total for December was unchanged from December 1994. Performance was mixed among the 15 product categories. Chilled and frozen red meats and poultry meat recorded the largest gains, up \$29 million and \$46 million to \$328 million and \$220 million, respectively. Major declines in export value were recorded for fresh vegetables and the miscellaneous consumer food product group, which consists of a variety of highly-processed foods such as soups and pasta products.

At \$178 million in December, edible *fish and seafood* exports rose 3 percent over the same month last year. Declines in salmon and crab meat exports were more than offset by export gains in miscellaneous products, a group which includes fish species other than salmon, squid, shellfish, and lobster. U.S. fish and seafood exports finished the first 3 months of fiscal year 1996 at \$628 million, down 5 percent from the previous year. Thus far, canned salmon, crab meat, and surimi (fish paste) sales are lagging behind the pace of a year earlier.

U.S. *forest product* exports in December were down 4 percent at \$569 million. Although exports of wood panel and other further-processed products continue to rise, export performance for the overall product group continues to disappoint due to a weak export demand for logs and lumber. In the first 3 months of fiscal year 1996, U.S. exports of forest products declined 5 percent to \$1.7 billion.

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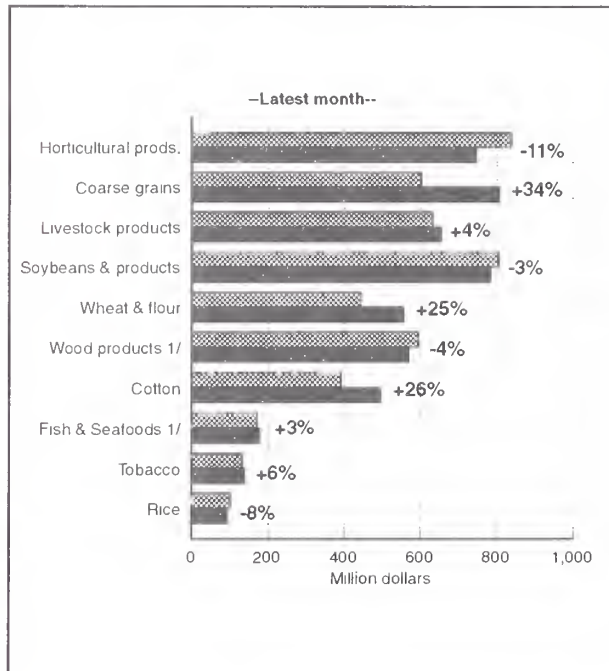
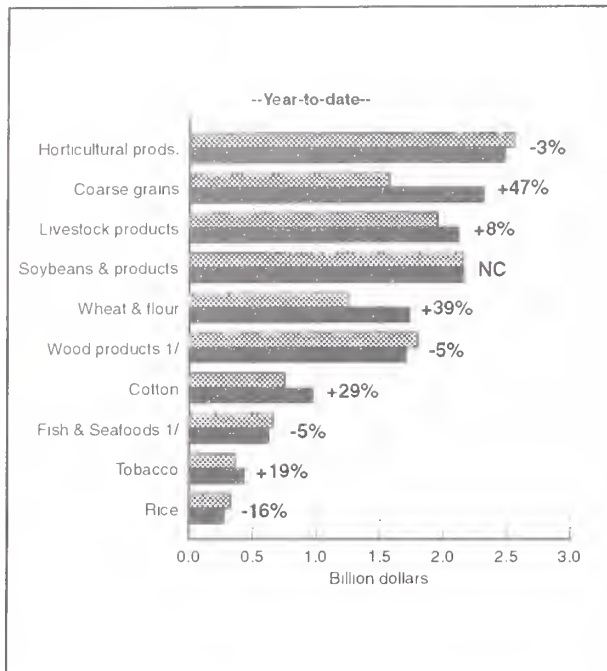
U.S. Agricultural, Fish and Wood Export Summaries

October-December and Latest Month Comparisons

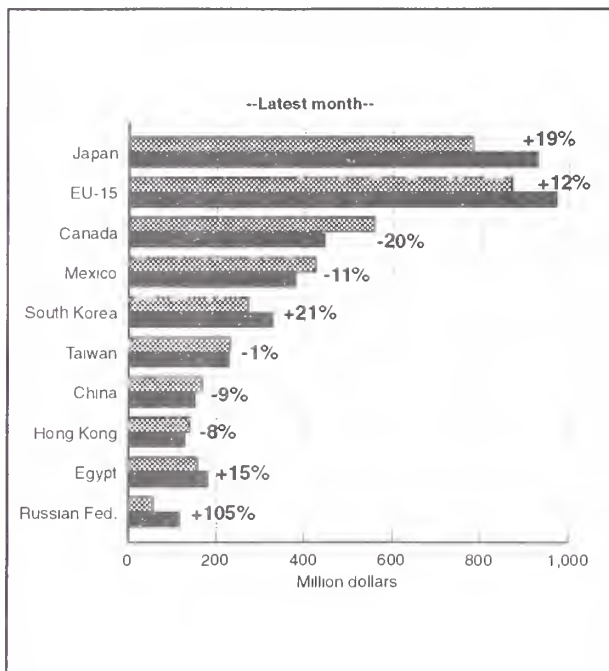
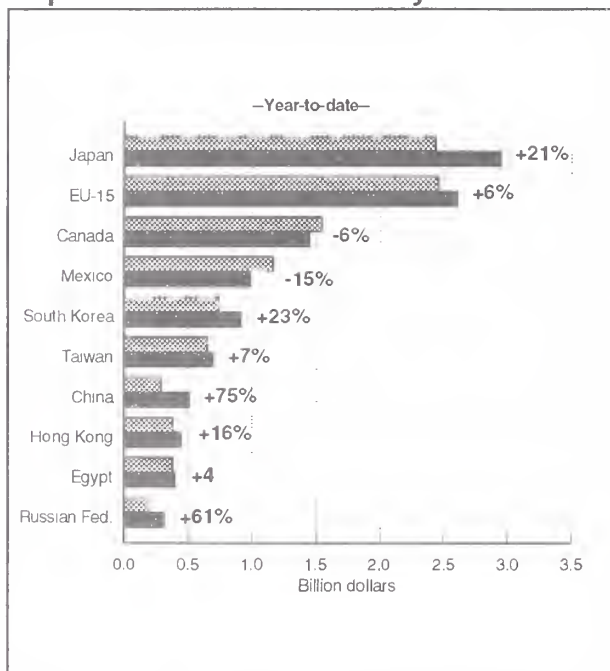
FY '95

FY '96

Product Summary



Top Ten Markets Summary



Note. Percentages are computed as the change from a year ago.
1/ Not included in agricultural totals.

Consumer Food Highlights

U.S. consumer food exports totaled a record \$18.8 billion during the 12 months of calendar year 1995, up 10.6 percent over the \$17.0 billion a year earlier. Export shipments to Japan, the largest market for U.S. consumer-oriented agricultural products, were up nearly 11 percent at \$5.26 billion. Several other countries played a significant role in the excellent showing turned in last year. Eight of the top ten markets registered record sales levels. Exports to the Russian Federation increased nearly \$400 million to \$908 million. Russia is currently the fifth largest export market for U.S. consumer-oriented agricultural products. Export value to Hong Kong and Brazil rose \$199 million and \$105 million, respectively. Cumulative export value from 12 of the 16 consumer food categories exceeded their respective 1994 levels, with 11 setting new records.

Since the mid-1980's, consumer-oriented agricultural products generally have been the fastest growing export category, outdistancing bulk and intermediate (semi-processed) commodities. During this period, annual export value for consumer-oriented products has increased approximately 18 percent. Although export growth has been broad based across several product groups, the largest sales gains are being recorded for red meat, followed by processed fruits and vegetables and fresh fruit. Export value for consumer-oriented agricultural commodities during calendar year 1996 is forecast to increase 11 percent to \$20.8 billion.

U.S. exports of *fresh, frozen, and chilled red meat* in calendar year 1995 totaled a record \$4.16 billion, up 23 percent over 1994. This is the most important consumer food product category, accounting for 22 percent of export value for all consumer-oriented agricultural products. Shipments to Japan last year were up 35 percent at a record \$2.7 billion. Japan is the dominant overseas outlet, taking nearly two-thirds of all shipments last year. Export sales to South Korea reached a record \$361 million, up 46 percent over a year earlier. Sales to Korea have expanded sharply each year following the opening of the market in 1989. Exports to Russia were up 356 percent in 1995 at \$141 million.

Fresh fruit export value in 1995 reached a record \$1.97 billion, up marginally from

1994. Sales to Japan totaled a record \$539 million. With sales growth to Canada somewhat flat last year, Japan may soon emerge as the leading export destination for U.S. fresh fruit. Overall performance for this category benefitted from a strong showing by citrus fruit. Citrus export value in 1995 increased to \$715 million thanks to higher orange prices and heavier shipping volumes for grapefruit and lemons. Duty reductions on a range of fruits and vegetables by the Philippines and a relaxation of technical import requirements on U.S. deciduous and citrus fruit by Brazil, Mexico, and Thailand are key factors that point to another record setting year in 1996.

Export value for *processed fruits and vegetables* in 1995 was up 11 percent at a record \$1.9 billion. Export demand for frozen french fries, canned tomato products, and canned corn was particularly strong. Sales to the top ten markets were up markedly with the exception of Mexico. Exports to Mexico fell from a record \$107 million in 1994 to \$66 million in 1995. Sales in the Mexican market for all consumer-oriented products have suffered since the devaluation of the peso in late 1994 and a resulting drop in consumer purchasing power. Mexico's economic crisis, however, is not expected to be long lived, which will allow export expansion to be resumed.

Exports of *dairy products* in 1995 were up 6 percent at \$796 million. Although sales to several countries rose last year,

increases were most notable for Algeria and Japan. Export value in 1996 will benefit from reduced exports of butter and nonfat dry milk by the European Union.

U.S. exports of *eggs and products* in 1995 rose nearly 4 percent above a year earlier to \$170.7 million. Sales to Japan, the leading customer, were up 20 percent at \$39.6 million. Exports to Hong Kong, Yemen, and Colombia hit record levels of \$25.8 million, \$9.2 million, and \$5.8 million, respectively.

Tree nut exports in calendar year 1995 totaled \$1.17 billion, up 6 percent over 1994. Export volume for shelled almonds and unit prices for in-shell walnuts were both up significantly. Export sales to Germany, Japan, and Spain, the leading overseas market outlets, were all up sharply.

U.S. exports of *poultry meat* during 1995 increased 29 percent to a record \$2.0 billion. Russia is the largest export market, accounting for \$607 million in poultry meat sales in 1995. Although Russia raised its import duty on poultry meat to discourage import purchasing, sales are expected to continue at high levels due to a strong import demand. Sales to Hong Kong rose from \$274 million in 1994 to a record \$403 million in 1995. Approximately 70 percent of all poultry shipments to Hong Kong are re-exported to China. Export demand for U.S. poultry meat products is expected to remain strong in 1996 with export value forecast to increase to \$2.2 billion.

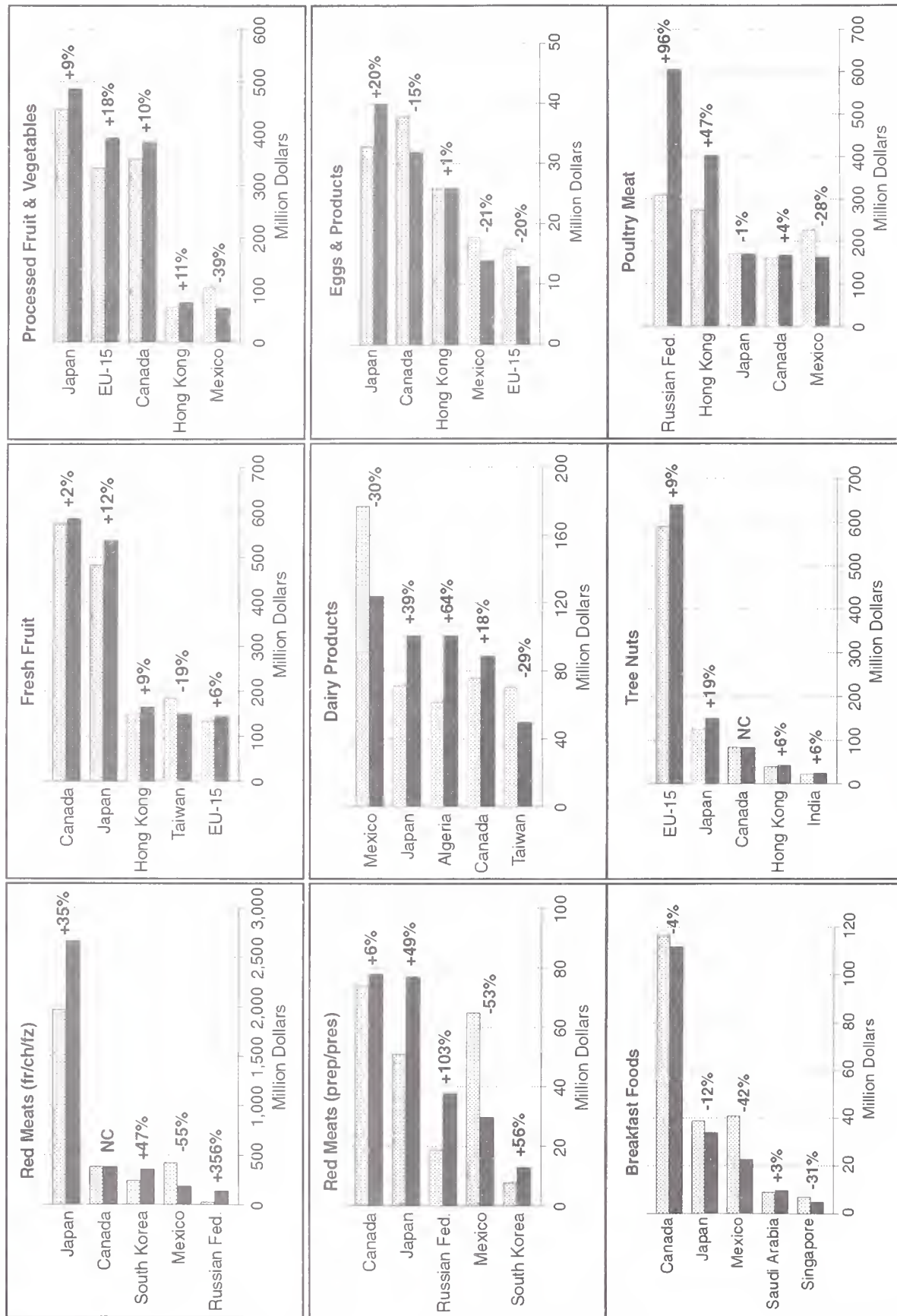
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Top Five Markets for Selected U.S. Consumer Foods

January Through December Comparisons

CY '94

CY '95



Notes: Percentages are computed as the change from 1994 to 1995. Countries are ranked from highest to lowest based on CY 1995 exports.

Feature :

Secretary Dan Glickman Speaks On Trade

There is no question that trade and exports are the future for American agriculture. In the 21st century, commodity payments and support prices will be far less important than ensuring that American agriculture remains competitive globally.

The increasing importance of trade is particularly true for agriculture, which continues to be one of the biggest positive contributors to the nation's trade picture. U.S. agricultural exports reached an all-time high of \$54.1 billion in fiscal year 1995. Exports for fiscal year 1996 are expected to reach \$60 billion. And we hope to increase U.S. agricultural exports by 50 percent by the year 2000--up 7 percent a year.

Sometimes it's difficult to imagine the relevance to our daily lives of numbers of this magnitude. But these record export figures do have a direct impact on many average and smaller size farms in the United States.

It all means more jobs and higher incomes across the nation. U.S. agricultural exports generate more than \$100 billion annually in business activity throughout the U.S. economy and provide jobs for nearly a million workers.

A 50-percent increase in agricultural exports by 2000 will mean a 13-percent gain in annual net farm income, a \$50 billion gain in total U.S. economic activity, and 378,000 additional U.S. jobs.

These numbers show we've come a long way in improving our competitiveness in world markets. We produce products that foreign customers want and--with government trade barriers coming down--those consumers are now better able to buy them.

No country in the world eats as well as we do. One of the reasons is that governments try to keep imports out. This limits competition, reduces availability, and raises consumer costs. I would like to see more consumers around the world have access to the variety of high-quality products that we produce.

So we have to be vigilant in our efforts to ensure that our trading partners live up to their obligations and that new

non-tariff barriers don't take the place of old tariff barriers.

We will use the tools available to us to ensure that our exports are treated fairly in foreign markets, and that foreign products are exported fairly to us.

Tariff reductions and trade agreements during the last half century have made nations more interdependent than ever before. The prosperity of the United States, as well as that of many other countries, is increasingly dependent on free and fair trade. But we must work together. We must cooperate. As President John Kennedy once said: "We must either trade or fade."

We expect to see export gains almost everywhere, but the most significant increases will occur in Asia. Of the 20 best-growth markets for U.S. agricultural exports, 11 are in the Pacific Rim, which is experiencing the fastest economic and population growth in the world. The Uruguay Round of the GATT could boost U.S. exports to the Pacific Rim by \$3 billion by 2000.

U.S. agriculture must meet competition head-on because our competitors are not standing still. Now is not the time for unilateral disarmament.

A strong agriculture benefits the whole country, so USDA will continue to work closely with the Congress to protect the export assistance that helps keep our agriculture strong. Reducing such assistance could hurt not only U.S. farmers and the agricultural economy, but all U.S. workers and the nation's economy as a whole.

Excerpted from the January and February issues of *USDA NEWS*, the Department's all-employee news publication of USDA.

Feature:

U.S. Agricultural Trade Outlook

USDA's export forecast for fiscal year 1996 (October 1995 - September 1996) was revised late last month to a record \$60 billion, up \$2 billion from the previous forecast and \$5.9 billion more than a year earlier. With imports forecast to remain unchanged at \$29.5 billion, the U.S. agricultural trade surplus is projected to rise to a record \$30.5 billion, surpassing the previous record of \$26.6 billion set in fiscal year 1981. Agricultural exports represent the success story in the U.S. trade picture. 1995 marked 36 consecutive years of agricultural trade surpluses. Overall, the U.S. share of world agricultural trade reached 23 percent in 1995. This makes the United States the largest agricultural exporter in the world, and the gap separating us from our largest competitor, the European Union, is widening. Thanks in large part to the export promotional efforts of USDA, the U.S. share of global agricultural trade has grown more than that of any other exporting nation during the past decade.

Agriculture's Export Goal

USDA's international agricultural trade mission is to open, expand, and maintain global market opportunities through international trade, cooperation, and sustainable development activities that

secure the long-term economic vitality and global competitiveness of America's rural communities and related food and agricultural enterprises.

USDA is fulfilling its mission by assisting American agriculture to increase the value

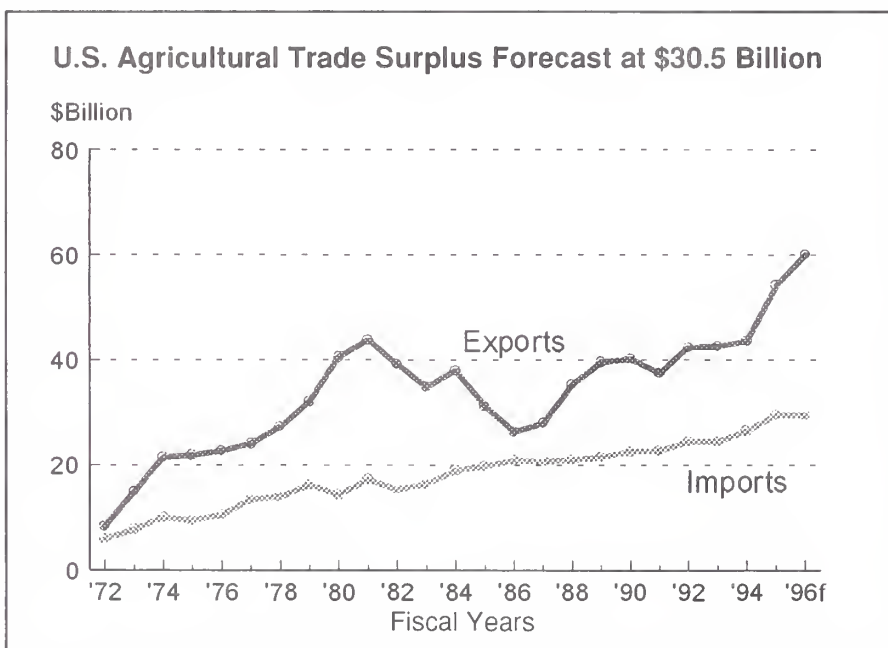
of agricultural exports by 50 percent over 1994 levels by the year 2000. This translates into a \$21 billion increase in the value of exports to reach our export goal of \$65 billion. The benefits to the U.S. rural community that will accrue from this expansion in trade are significant. Net farm income is projected to increase 13 percent as a result of this trade expansion. It also will create tens of thousands of jobs on our farms and in surrounding rural communities in processing, packaging, transportation, and merchandising activities. Agricultural exports currently support more than 350,000 on-farm jobs, 9 percent of total farm labor, plus the employment of an additional 600,000 men and women off the farm.

With agricultural exports forecast at \$60 billion in fiscal year 1996, we are well on track to achieving USDA's export goal of \$65 billion by the year 2000.

Agricultural export volume in fiscal year 1996 is expected to drop somewhat from the record 169.2 million tons recorded in fiscal year 1995 due largely to reduced domestic production of major field crops. However, higher prices for wheat, corn, and soybeans in response to tight global supplies and continued growth in foreign demand for U.S. livestock and horticultural products is expected to boost overall export value.

Bulk, Intermediate, and Consumer-Oriented Exports

U.S. exports of bulk agricultural commodities, and high-value, intermediate and consumer-oriented products are all forecast at higher levels in fiscal year 1996. Sales of bulk (unprocessed) commodities in fiscal year 1996 are forecast at \$27.7 billion, up from \$24.5 billion last year. Exports of intermediate (semi-processed) products are forecast to increase almost 5 percent to \$11.7 billion while consumer-oriented products are projected to increase 11 percent to a record \$20.6 billion.



...Agricultural Trade Outlook

Since the mid-1980's, consumer-oriented products generally have been the fastest growing export category, rising an average 18 percent each year. The consumer-oriented category consists of those items that require little or no additional processing. Although export growth in consumer-oriented commodities has been broad based across several product groups, the largest sales increase has been recorded for red meat, followed by processed fruits and vegetables and fresh fruit.

Tight global markets and the resulting higher price levels that have prevailed over the past 2 years, suggest that bulk agricultural exports will play a more significant role in the overall export picture during fiscal year 1996 and through the end of the decade. Bulk commodity exports are expected to show the largest gain this year measured both in dollar sales and in percentage terms compared to fiscal year 1995. Intermediate-stage exports during fiscal year 1996 will benefit from tight global markets for vegetable oils and continued strength in Asian import demand for U.S. feeds and fodder and hides and skins.

Commodity Highlights

U.S. exports of *horticultural products* are forecast to reach a record high of \$10 billion in fiscal year 1996, up \$900 million from the previous year. Exports of fresh and processed fruit are forecast to increase nearly \$250 million to \$3.5 billion. Smaller gains are expected for fresh and processed vegetables and tree nuts, which are forecast to reach \$2.6 billion and \$1.2 billion, respectively. Wine and beer and a variety of highly processed foods account for the remaining growth in this product group. Canada, Japan, the EU-15, and Mexico remain the major overseas markets. U.S. horticultural exports to Mexico have declined since the peso devaluation of December 1994. Declines of 20 to 40 percent for many products are not uncommon. In the longer run, however, U.S. exports to Mexico are

expected to rebound. With respect to the wider global market, continued market liberalization, rising incomes, a growing demand for healthful foods, and ongoing market promotion activities continue to fuel overseas demand.

The fiscal year 1996 export forecast for *oilseeds and products* has been revised to 30.9 million tons, down 3.1 million tons from a year earlier. This reflects a drop in U.S. oilseed production and stock levels. U.S. soybean exports are forecast to fall 1.6 million tons to 22 million, while exports of soybean meal and oil are forecast to fall 800,000 tons and 400,000 tons to 5.3 million tons and 800,000 tons, respectively. Overall export value for oilseeds and products in fiscal year 1996 is forecast to increase \$900 million to \$10 billion. This largely is a response to higher soybean and meal prices due to a projected decline in U.S. and global soybean stocks.

U.S. exports of *livestock, poultry, and dairy products* in fiscal year 1996 are forecast to rise \$1.3 billion over the previous year to a record \$12.1 billion. Livestock products are expected to account for three-quarters of the overall gain. Red meats are forecast at a record \$4.7 billion. Japan and South Korea remain the major markets for beef exports, and Russia holds considerable promise for processed pork and offals. Exports of hides and skins are projected to increase \$200 million thanks to increased shipments to Asian Pacific Rim countries and Italy. Poultry product exports are forecast to increase \$200 million to a record \$2.4 billion. Import demand for poultry meat is particularly strong in the China/Hong Kong market and Russia.

Coarse grain export volume in fiscal year 1996 is forecast to decline 7 million tons to 58.7 million tons, but higher prices are expected to boost export value \$1.3 billion to \$8.7 billion. A reduced 1995 domestic *corn* harvest will limit corn exports in fiscal year 1996 to 53 million tons, down from 58.6 million tons a year earlier. U.S.

export value for corn in fiscal year 1996, however, is projected to increase \$1.2 billion to \$7.8 billion.

Export prices are being bolstered by a strong foreign demand, particularly in East Asian markets, and the continued absence of China as a major exporter. Global demand for U.S. corn also has been strengthened by a downward revision in the size of the Argentine crop. U.S. corn stocks will fall to the lowest levels in the past 2 decades.

Wheat and flour exports in fiscal year 1996 are forecast to increase 1.2 million tons to 34.5 million tons. Export value is forecast to reach \$6.7 billion, up from \$5.2 billion in fiscal year 1995. The global wheat market has tightened in recent months, increasing demand for U.S. product and pushing prices beyond earlier anticipated levels. China has been an aggressive buyer in recent weeks while the European Union continues to restrict export volumes in an effort to moderate high internal prices. U.S. wheat stocks are forecast to fall to their lowest level since the early 1970's.

Asian Pacific Rim and NAFTA Regions

Given the projected high rates of income growth for many Asian countries through the year 2000 and a generally free market orientation, this region offers the greatest opportunity for increasing U.S. agricultural exports. U.S. agricultural products shipped to Asia have increased steadily in recent years, rising from \$12.9 billion (33 percent of total export value) in fiscal year 1982 to \$24.7 billion (46 percent of total export value) in fiscal year 1995. Within Asia, the *Pacific Rim nations* form the power center of economic growth and, therefore, expanding trade opportunities. Included within this group are Japan, China, the "Four Tigers" (South Korea, Taiwan, Hong Kong and Singapore), the "ASEAN-4" (Thailand, the Philippines, Indonesia, and Malaysia), Australia, and New

...Agricultural Trade Outlook

Zealand. Most of the countries in the world that underwent rapid industrialization and high income growth in the 1980's, which in turn led to rising consumer purchasing power, are located in this region. Additionally, Asian consumers are steadily adopting western food tastes and preferences and are experiencing changing lifestyles that favor food imports from the United States. This includes the rapid rise in the number of women in the work force and the emergence of consumer-ready foods.

U.S. agricultural exports within the *Western Hemisphere*, our second largest regional market, are forecast to continue growing rapidly thanks to a phase out of most trade restrictions under NAFTA. U.S. exports to countries within this region have increased from \$6.8 billion, 17 percent of total export value in fiscal year 1982 to \$13.9 billion, 29 percent of total export value, in fiscal year 1995. Our NAFTA partners (Canada and Mexico) offer the best sales opportunities, but export levels to emerging economies in South America (Brazil, Argentina, Chile, and Colombia) also are rising thanks to a growing middle class, political stability, and a consumer preference for western foods. Mexico had been one of our fastest growing markets in the years prior to the peso devaluation. The current economic crisis is not expected to be long lived. Once the economy is placed on an even footing, two-way trade expansion is expected to resume.

Europe and the Republics of the Former Soviet Union constitute the third largest regional market for U.S. farm products. This region accounted for \$10.2 billion or 19 percent of total U.S. sales last year and is forecast to take \$11.2 billion in fiscal year 1996. The EU-15 is by far our largest trading partner in this region. It is expected that the growth of U.S. exports to this region through the year 2000 will be driven by sales of both bulk and high-value products.

Export Outlook by Country

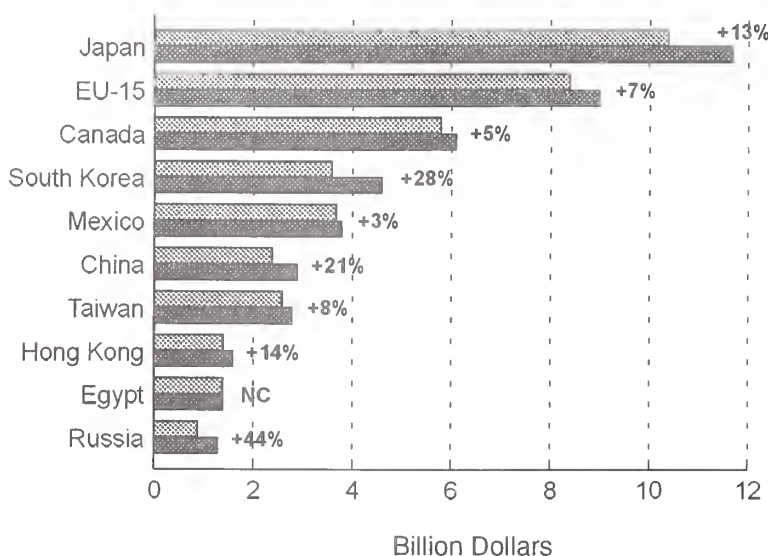
The top ten markets account for approximately three-quarters of the total value of U.S. agricultural exports, with the top three markets (Japan, the EU-15, and Canada) accounting for nearly half of all U.S. overseas sales. Last year, Mexico, South Korea, and Taiwan were our fourth, fifth, and sixth largest markets. South Korea is expected to overtake Mexico as the number four market for U.S. agricultural exports in fiscal year 1996. U.S. sales to Mexico have fallen in the wake of the peso devaluation and a drop in Mexican consumer purchasing power. At the same time, sales of U.S. beef and corn to Korea are up significantly. Increased exports to China are expected to move that country into sixth place in fiscal year 1996 ahead of Taiwan, which will slip to seventh place. Hong Kong, Egypt, and Russia complete the list of top ten markets.

Having overtaken the EU-15 in 1989, *Japan* has established itself as the largest market for U.S. agricultural exports by a wide margin. Exports to Japan are forecast at \$11.7 billion in fiscal year

1996, a 12-percent increase over last year's record \$10.4 billion. At this level, Japan will account for 20 percent of the total value of U.S. agricultural exports. The increased trade figure is based on higher prices for bulk commodities and record setting high-value product sales. Sales of high-value products have increased steadily in recent years and now represent nearly 50 percent of the total value of all agricultural exports to Japan. High-value exports to this market highlight beef and pork and fresh and processed fruits and vegetables.

The *EU-15* will remain in second place with U.S. exports forecast to rise 7 percent to \$9 billion. Higher prices for corn, soybeans, and almonds, along with increased sales volumes of tobacco, animal feeds, and selected fresh and processed fruits and vegetables are boosting sales. Exports to *Canada*, the third largest market, are forecast to rise 5 percent to \$6.1 billion due mainly to continued gains in consumer food sales. High-value products account for nearly 95 percent of total U.S. exports to Canada compared to 55 percent to the EU-15. In FY 1996, the

Agricultural Export Outlook for Top 10 U.S. Markets



...Agricultural Trade Outlook

EU-15 and Canada are projected to account for 15 percent and 10 percent, respectively, of total U.S. agricultural exports.

Exports to *South Korea* are forecast to rise 28 percent to \$4.6 billion in fiscal year 1996. Higher corn and soybean prices, and a strong import demand for U.S. cotton, hides and skins, and beef are expected to account for most of the export expansion.

Mexican imports of U.S. agricultural products are forecast to rise a modest \$100 million to \$3.8 billion in fiscal year 1996. Following the marked devaluation of the peso and the ensuing economic crisis, U.S. goods have become relatively more expensive and Mexican consumer spending has fallen. Continued weak economic prospects are hampering sales of high-value products in the Mexican market, but bulk sales are forecast to rise due to continued drought conditions in various regions throughout Mexico and continued support from the GSM-102 program.

Agricultural exports to China are growing rapidly, rising from \$900 million in fiscal year 1994 to \$2.9 billion in fiscal year 1996. China is expected to emerge as the sixth largest market for U.S. agricultural products this year. Export sales are expanding in response to China's growing demand for animal feeds, domestic distribution bottlenecks, economic development, and higher prices for grains, oilseed products, and cotton. Most of the sales growth is due to increased exports of wheat, corn, cotton, soybean oil, hides and skins, and poultry meat. Although U.S. consumer food exports continue to set new records, they still make up less than 5 percent of total U.S. agricultural exports.

Export Sensitivity

U.S. agriculture is becoming increasingly dependent on exports to promote its prosperity. This trend is being propelled

by enhanced farm productivity, slow growth in domestic demand, and the likelihood of reductions in future government support levels. U.S. agriculture's dependence on exports, measured in terms of gross cash receipts, is estimated at 23 percent. Under an export target of \$65 billion, overseas sales will account for approximately 31 cents of each farm dollar.

Agriculture is one of the most export-sensitive industries in the United States. It currently is twice as dependent on international markets as the economy as a whole and will be two-and-a-half times as export-dependent by the turn of the century. While the overall economy's reliance on export markets also is growing, it is far less, with overall exports accounting for only 11 percent of the nation's gross domestic product in 1994. By 2000, this figure is projected to reach 13 percent.

U.S. Agricultural Imports--Fiscal Year 1996

Agricultural imports during fiscal year 1996 are forecast to remain unchanged from the previous year at a record \$29.5 billion. The increased import value for horticultural products, sugar and related products, oilseeds and products, and unmanufactured tobacco is expected to be fully offset by declines in live animals and animal products, and coffee beans and products.

Over the past 5 years, fresh and processed fruit has been the most important import product group. Fresh and processed fruit imports in fiscal year 1996 are forecast at a record \$3.5 billion, up \$100 million over last year. Banana imports will account for \$1.1 billion of the total figure. Imports of fresh and processed vegetables, the second largest horticultural product group, are forecast unchanged at a record \$3 billion. Wine and malt beverage imports are forecast to rise \$100 million to a record \$2.3 billion. Total imports of all horticultural products is forecast to rise

\$200 million to a record \$10.1 billion and will account for one-third of total U.S. agricultural import value.

Coffee imports in fiscal year 1996 are forecast to decline \$400 million to \$3 billion due to lower prices. Imports of red meat also are expected to decline in response to lower beef prices and reduced shipments from Australia. Pork imports will decline due to lower shipping volumes from Denmark. Total import value for animals and products in fiscal year 1996 is forecast to decline to \$5.4 billion from \$5.9 billion a year earlier. U.S. imports of oilseeds and products are forecast to rise \$200 million to \$2 billion in fiscal year 1996. Strong consumer demand, new products, and higher prices caused by low stock-to-use ratios in the soybean complex are driving import expansion this year.

The EU-15 and Canada are the two largest foreign suppliers of agricultural products to the United States. Imports from these two sources in fiscal year 1996 are expected to account for \$11.6 billion or 39 percent of total U.S. agricultural imports. Mexico follows as the third largest supplier with a projected \$3.7 billion in fiscal year 1996. The remaining top ten suppliers individually account for no more than 2-5 percent of total imports. In descending order, following Mexico, they are Indonesia, Brazil, Colombia, Thailand, Australia, New Zealand, and Guatemala.

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Trade Event: U.S.-South African Agri-Business Trade Opportunities Forum

Secretary of Agriculture Dan Glickman will host the first bilateral meeting of the U.S.-South Africa Binational Commission's Agriculture Committee on March 26, 1996, in Washington. A delegation from the South African Ministry of Agriculture led by Agriculture Minister Andre I. van Niekerk will participate in the meeting.

The Agriculture Committee will sponsor a forum for U.S.-South African agribusinesses on March 27, 1996. The trade forum will provide an opportunity for the U.S. agribusiness sector to discuss issues important to their success in doing business in South Africa.

U.S. business representatives attending this event will have a unique opportunity to discuss agri-business trade issues with U.S. and South African government officials and private sector entities. Business representatives will discuss areas of concern and identify methods of improving relative issues in order to increase agri-business trade and investment between the United States and South Africa.

Agriculture Committee

The Agriculture Committee was established in December 1995 under the auspices of the U.S.-South Africa Binational Commission, which is headed by U.S. Vice President Albert Gore and South Africa's Executive Deputy President Thabo Mbeki. Secretary Glickman and South African Minister van Niekerk co-chair the committee. In addition to agriculture, the other committees of the Binational Commission cover trade and investment, human resources development and education, sustainable minerals and energy, science and technology, and conservation and the environment.

The Agriculture Committee seeks to provide a forum to facilitate discussion and cooperation in the following areas: agricultural trade, investment, and development; rural economic and community development; marketing, regulation, and safety of food products; food and nutrition; natural resources; and agricultural economics, education, extension, and research. The Committee encourages the development of direct contact and cooperation between private entities in both the United States and South Africa.

The Agribusiness Trade Opportunities Forum represents the Agriculture Committee's first major effort to implement its trade development strategy for the United States and South Africa.

Market Access

The Agriculture Committee places a high priority on achieving improved access for American companies into the South African market and vice versa. The South African Government wants the United States to expand its current investment activities and explore new agribusiness initiatives in South Africa. Efforts to expand education to clarify trading rules and sanitary and phytosanitary regulations and requirements and to clearly define grades and standards will benefit U.S. exports as well as South African internal trade. Resolution of outstanding market access issues offers trade benefits and an improved climate for future U.S. investment.

Trade Forum Location

The Agri-Business Trade Forum will be held in the U.S. Department of Agriculture's (USDA) Jamie L. Whitten Federal Building. This building is located at 14th & Independence Ave., S.W. Washington, D.C. The event will take place in room 107-A.

Trade Forum Agenda

Proceedings will begin at 9:00 on March 27, 1996. Deputy Secretary of Agriculture Richard Rominger will welcome participants and will be followed by opening remarks given by South African Minister of Agriculture Andre van Niekerk.

An "Overview of the Agriculture Committee under the US-South African Binational Commission" will be given by Dallas R. Smith, Deputy Under Secretary, USDA.

Franklin Sonn, Ambassador of the Republic of South Africa will give an assessment of "Agri-Business Opportunities with South Africa."

Shirley Watkins, Deputy Assistant Secretary, USDA, will provide an "Overview of the International Regulatory Climate."

...South African Trade Forum

10:00-10:40: Two case studies on importing South African products into the United States and exporting U.S. products to South Africa. Companies will discuss successes and challenges in marketing U.S./South African products and services, distribution channels, intellectual property issues, finding a partner, assistance offered by U.S./South African government agencies, and challenges and how they were overcome.

11:00-12:00: Session on Public and Private Sector Financing and Risk Guarantee. This session will be moderated by Chris Goldthwait, General Sales Manager, USDA, and will include officials from the Department of Commerce, and the Trade and Development Agency.

2:00-3:15: Participants can choose between two Breakout Sessions.

Roundtable A--Food Safety, Sanitary and Phytosanitary Issues. Discussion topics will include: certificates/permits, requirements for entry, and issues with U.S./South African products

Roundtable B-- Transportation Issues. Topics of discussion will include: air, sea, land, port infrastructures, freight forwarding.

3:30-4:15: Participants can choose between two Breakout Sessions.

Roundtable C--Information Sources and Opportunities for Consumer-Ready and Value-Added Products. Topics of discussion will include: best prospects, certificates/permits, packaging/labeling, and issues with U.S./South African products.

Roundtable D--Information Sources and Opportunities for Bulk, Non-consumer Packed, and Horticultural Products. Topics of discussion will include: best prospects, certificates/permits, entry requirements, and concerns with U.S./South African products.

Speakers at all of the Roundtable discussions will include U.S. and South African Government officials as well as key private sector representatives.

4:15-5:15: Wrap-Up Session. Each Roundtable group will give a brief overview of its discussions and issues

needing further discussion or action

6:00: Reception at the South African Embassy

USDA Projects In South Africa

The U.S. Department of Agriculture has a number of projects in South Africa. Many of them originated from the October 1994, signing of the Joint Statement of Shared Principles on Cooperation in Agriculture signed by the U.S. Secretary of Agriculture and the South African Minister Without Portfolio with the full support of four South African line Ministries, including Agriculture, Health, Water and Forestry, and Land Affairs. Collaboration between officials of these ministries and two USDA assessment teams, one focusing on agricultural trade and investment and the other on broader agricultural issues, rural development, and nutrition, led to recommendations that resulted in the following projects being established:

An Agribusiness Advisor serving as a liaison with the United States and South African private agricultural sectors.

A Cochran Fellowship Training Program.

Other USDA programs and projects represent a resumption of standard bilateral cooperation in agriculture. These include:

A GSM Export Guarantee Program for Southern Africa (including South Africa) for the sale of U.S. agricultural commodities.

Activities sponsored by USDA's Animal and Plant Health Inspection Service which facilitate agricultural trade between the two countries.

Market Promotion Program and Foreign Market Development funds which support market development activities for U.S. agricultural products in South Africa.

Additional Information

For further information, contact Ms. Frankie King, USDA/Foreign Agricultural Service, at (202) 690-0776.

Country Profile: Chile

While Chile is a relatively small market (population of only 14.2 million), it has one of the strongest economies in South America. In 1995, Chile registered the thirteenth consecutive year of economic expansion. Economic growth during this period averaged more than 6 percent annually. Chile's unemployment rate, less than 6 percent, is one of the lowest in Latin America. In recent years, Chile's rate of inflation has slowed--from 15 percent in 1992 to 9 percent in 1995--while its currency has remained relatively stable against the U.S. dollar. With this robust economy comes increasing U.S. exports, and the potential for even higher sales in the future.

Chile's agricultural imports were up 24 percent in 1994 to \$930 million. The United States is a major supplier, and in 1995, Chile imported even more. As a market for U.S. agriculture, Chile is the fifth largest in South America. U.S. agricultural exports to Chile in 1995 totaled \$164 million, 68 percent above the \$98 million recorded in 1994. Largest areas of growth were wheat (\$53 million, up from only \$4.5 million in

1994), coarse grains (\$55 million, up 54 percent from 1994), and consumer-oriented goods (\$25 million, up 68 percent from 1994).

The higher wheat imports in calendar year 1995 were a result of a return to the U.S. market after Canada's low price policies were not continued in 1995. Prospects remain good in 1996 for even higher wheat imports, as a severe drought in the southern

growing regions will significantly cut output. Imports are expected to climb 25 percent to 800,000 tons.

Chile maintains strict plant and animal quarantine regulations, some of which affect U.S. exports. Opportunities for increased exports should expand as these barriers are relaxed through bilateral discussions. In addition, well-targeted market promotion and technical service activities have spurred expanded sales of numerous bulk and consumer-ready products.

Chile's Food Shows in 1996

There are three major food shows scheduled to take place in Chile in 1996. All will occur at the Parque Ferial FISA Maipu in Santiago. To write for information about any of these fairs, address correspondence to:

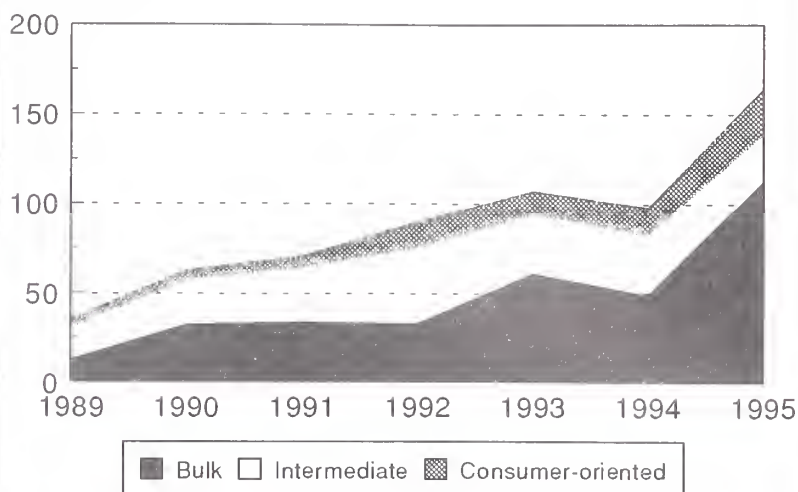
Feria Internacional de Santiago
Camino a Melipilla 10339
PO Box 40 D Santiago
Chile

VINSUD 1996 - The International Wine Exhibition of the Southern Hemisphere is an international exhibit of wine, distillates and liquors. It is scheduled for **June 18 - 22**. Contact **Stephan Fillatreau** for more information at (56 2) 533-2838 extension 224, or fax (56 2) 533-1667.

HOTELGA+ALIMENTA TURISMO 1996 is an international exhibition of technology, equipment, materials, services and products for the hotel and food industries, oriented to the Latin American market. It is scheduled for **August 7 - 10**. Contact

U.S. Exports to Chile Reach \$164 Million in 1995

\$ Millions



..Chile

Isabel Margarita Bruce for more information at (56 2) 533-2838, or fax (56 2) 533-1667.

EXPOAGRO 1996 is an international exhibition of machinery, equipment, services, and supplies for producers in the agriculture, livestock, forestry, and food processing sector in Latin America. It is scheduled for **September 3 - 8**. Contact **Carmen Rosales** for more information at (56 2) 533-2838, or fax (56 2) 533-1667.

Traditional Crop Area Declining

Chile's agricultural sector (including forestry) expanded 7 percent in 1994, after having grown only 2 percent in 1993. This expansion primarily reflects increased commercial forestry output and improved prices for Chile's forestry exports, particularly paper pulp. Growth in nonforestry agricultural output grew only 2 percent in 1994.

Because of the relatively lower returns they bring, the downward trend in traditional crop area will likely continue. Since 1987, area planted to grains and other traditional annual crops has fallen by over 27 percent. Fruit area increased slightly in 1994; however, area planted to table grapes and other traditional deciduous fruits has not changed for the most part. For many years, Chile's agricultural output increased despite the overall reduction in crop planted area (excluding forestry). Recently, however, yield levels have been flat for both annual and perennial crops.

Traditional agricultural crop area is being replaced by commercial

forestry plantings. Chile's commercial tree plantings have expanded rapidly in recent years as a result of replacement for less remunerative crops and improved export prospects for forest products. From 1988-1994, commercial forest area grew by 33 percent to 1.6 million hectares.

Chile's Exports: Not Just Fruits and Vegetables

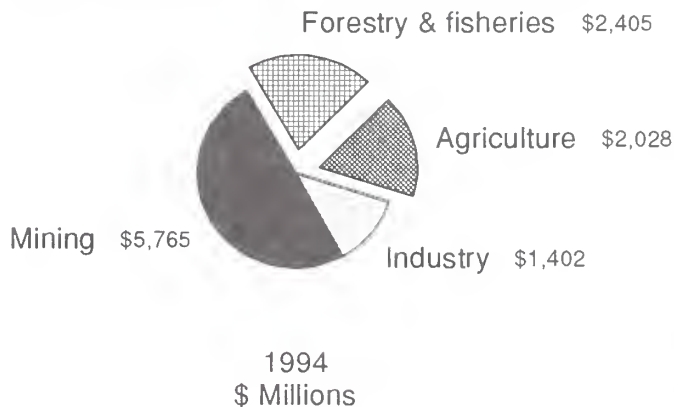
With the prospect of a Free Trade Area of the Americas on the horizon, and Chile closest on the radar screen, it is important to know more about Chile's agricultural production and exports. While most Americans are aware of Chile as a supplier of fresh fruit and wine, the Chileans are also important producers and exporters of many other products. Fisheries and forest product exports are much larger and growing more important than horticultural exports for the Chilean economy.

Export Orientation

Because of its relatively small population and large mining and agricultural sectors, Chile has had an export-oriented economy throughout the 20th century. Chile is the world's largest producer and exporter of copper. Copper mining is still the largest single component of exports, accounting for 37 percent of exports in 1994. Since the 1970s, Chile has successfully attempted to broaden its export base, especially in agriculture, fisheries, and forestry.

Exports account for 20 percent of the economy, and because of this, Chile wants improved access with its major trading partners. Chile is trying to become part of NAFTA. Chile's accession to the NAFTA is strongly supported by current NAFTA members. However, negotiations have since been frozen because the U.S. Government does not have negotiating authority.

While Mining Has Traditionally Been the Leading Export Item, Agriculture, Forestry and Fisheries Have Become Increasingly Important



Source: Chilean Central Bank

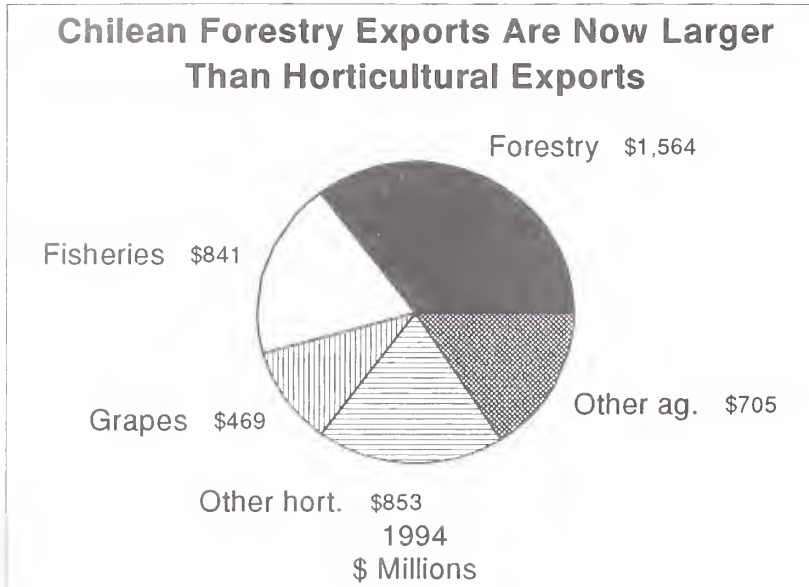
..Chile

In the meantime, Chile does have bilateral agreements with some of its other trading partners such as Mexico, Venezuela, Colombia, and Ecuador. Chile negotiated free trade agreements with Mexico (implemented on January 1, 1992), Venezuela (implemented on July 1, 1993), Colombia (implemented on January 1, 1994) and Ecuador (implemented on January 1, 1995). Negotiations with Canada are underway and may be completed in 1996.

NAFTA Impact Minimal

Any impact that Chile's accession to NAFTA would have on U.S. agriculture in aggregate would be minimal. There are four basic reasons: 1) the Chilean market is very small, only about one seventeenth the size of the United States; 2) U.S. tariffs on most agricultural imports from Chile are already low, so a complete phase out would make little difference; 3) Chile's tariff restrictions already are fairly minor for most commodities (most tariffs are 11 percent), so bringing them down to zero would have modest trade effects; and 4) because of its Southern Hemisphere location, its fresh produce industry rarely competes with the U.S. industry.

In 1994, Chile's agricultural exports (not including forestry or fisheries) increased 16 percent to \$2.0 billion. This reflected higher sales of processed fruits and vegetables, and dairy products. When counting forestry and fisheries, the figure climbs to \$4.4 billion. Chile is the largest source of U.S. imports of grapes, peaches, plums, kiwifruit, and avocados. Other important exports to the U.S. market include lumber,



seafood, salmon, wine, and seeds for planting.

Liberal Trade Policy

Major policy reforms in the 1970s made Chile one of the most open economies in the world. Nevertheless, some constraints do exist. These include: a uniform 11-percent tariff, a value-added tax of 18 percent, and price-band mechanisms for wheat, wheat flour, vegetable oils, and sugar. The price band system places import surcharges on these products when they fall below a certain amount, calculated by the government each week. Luxury taxes also exist for items like alcohol, cigarettes, and nonalcoholic beverage ingredients.

The tariffs for the price band commodities vary from year to year as they are based on an average of world prices. Since 1986, tariff equivalents have ranged from 11 to 52 percent for wheat, 0 to 32 percent for sugar, and 12 to 112 percent for vegetable oils.

Just last year, Chile established an Export Promotion Fund specifically aimed at promoting agricultural exports. This joint public/private sector project was initially funded at \$10 million. It will be utilized to initiate a broad range of market development activities that support exports of fresh fruit, wine, and processed foods, to finance market studies, to improve quality control programs, to promote credit or export promotion activities, and to finance expenses and salaries for Chile's agricultural attaches.

Forest Products Becoming More Important

Since 1991, forest product exports have dramatically outpaced agricultural exports, and in 1994 (the most recent year available), are more than triple the value of table grape exports, the next closest product. Japan is the largest customer, buying \$360 million in 1994, followed by Korea (\$183 million), and then the United States (\$176 million).

..Chile

Wood pulp is the single largest component of Chilean forestry exports, accounting for \$718 million in 1994. Wood chips (\$163 million), sawnwood (\$158 million), and roundwood logs (\$114 million) are the other major products exported.

Forestry is now the third most important sector after mining and manufacturing. 1995 exports are expected to jump sharply to \$2.2 billion, based on continued strong prices for woodpulp and other products. The development of Chile's forest product sector has occurred principally through expanded commercial forestry planting, and the excellent adaptation of radiata pine and eucalyptus plantings to Chile's terrain.

Based on current and proposed plantings, Chile's commercial tree volume should double over the next 20 years. Future growth of the forest industry will also occur through development of the relatively untouched 7.5 million hectares of unmanaged native forests.

Chile's development of an important forest products sector rests, to a great degree, with the success of the radiata pine. The radiata matures at 20 to 24 years in Chile and thinnings are available for use after 15 years, compared to 30 years for New Zealand and Australia and 40-60 years in North American and Europe. Because of the rapid growth rate in Chile, the wood from the radiata pine is very soft. Production and exports of radiata pine are anticipated to peak from around 1998 through 2006, when most of the current radiata pine plantations will reach the harvest stage.

Eucalyptus is the second largest single tree species planted in Chile. Its importance increased since 1987 when Decree Law 701 (DL-701) was adjusted to permit investors to plant other species to complement the already large radiata pine plantings. Eucalyptus plantings have increased at a more rapid pace than radiata for the last few years. Eucalyptus products command higher prices and can be harvested even sooner than radiata pine. By December 1994, over 238,000 hectares were planted to eucalyptus under the revised DL-701 provisions. Eucalyptus has great potential in Chile since it can be harvested after only 10 to 12 years (compared to approximately 20 years for radiata pine). Eucalyptus growth capacity is up to 30 cubic meters per hectare per year.

Fisheries Also Large and Growing

The fisheries industry plays a major role in Chile's export-led economy. For almost 20 years, the value of fisheries exports has averaged an annual growth rate of 9 percent, the largest rate of any economic sector in Chile. Exports of the fisheries complex reached \$1.36 billion in 1994, about 12 percent of Chile's total export earnings. Aquaculture has developed into a major component of Chile's fisheries sector, accounting for one-quarter of all edible fish exports. Chile is one of the world's top producers and exporters of fish meal (second after Peru). In 1994, fish meal exports reached \$449 million, nearly as much as table grapes.

Aquaculture has grown in importance in part as a result of the difficult

market for traditional landings. These factors include a decline in international prices for swordfish (the only important pelagic fish species for human consumption in Chile) as a result of overfishing and the consequent depletion of both demersal and benthonic resources. Since 1980, Chile's farmed salmon production has grown from only 1 metric ton to over 60,000 tons (eviscerated weight). Farmed salmon exports reached \$225 million in 1994.

Chile's aquaculture industry enjoys a competitive advantage as a result of the excellent water quality of countless fjords and bays located miles from urban or industrial centers. Other factors encouraging growth include high quality raw materials for fish food, relatively inexpensive labor costs for trained workers, a well-established aquaculture infrastructure and service network, and international prices that continue to be attractive. The aquaculture industry is developing rapidly in some of the most remote parts of Chile, mainly in the far south. The combination of traditional fisheries and aquaculture activities should allow Chile to continue to maintain its ranking among the world's top fishing nations.

For more information, contact Mark Thompson at (202) 720-2194.

U.S. Exports of Agricultural, Fish & Wood Products to Chile

Calendar Years 1989 to 1995 (\$1,000)

Product	Calendar Years						% Chg	
	1989	1990	1991	1992	1993	1994	1995	94/95
Bulk Agricultural Total	12,106	31,723	32,952	31,937	60,365	48,537	112,416	132%
Wheat	0	11,790	9	4,282	25,915	4,498	52,657	1071%
Coarse Grains	7,047	15,352	28,152	26,012	26,197	36,044	55,378	54%
Rice	180	850	1,697	11	3,131	1,780	2,385	34%
Soybeans	0	0	0	0	0	0	27	NA
Cotton	240	578	72	254	2,961	2,562	492	-81%
Tobacco	3,500	2,276	1,475	3	1,483	2,794	288	-90%
Pulses	81	233	52	53	150	179	35	-80%
Peanuts	32	14	48	39	96	51	121 *	137%
Other Bulk Commodities	1,026	631	1,447 *	1,284	431	628	1,033	64%
Intermediate Agricultural Total	18,420	25,631	30,797	43,194	34,125	34,626	27,163	-22%
Wheat Flour	0	0	0	3	0	0	10	NA
Soybean Meal	0	0	1,896	4,370 *	992	220	12	-95%
Soybean Oil	0	5	0	0	0	0	0	NA
Other Vegetable Oils	972	873	877	1,450	186	1,263	2,937 *	133%
Feeds & Fodders (excl. pet foods)	599	270	570	813	1,171	1,169	1,908 *	63%
Live Animals	929	1,030	1,090	1,566	1,620	2,101 *	481	-77%
Hides & Skins	8	20	596	761	23	188	204	9%
Animal Fats	1,141	940	1,868	2,680	2,953	4,521	3,858	-15%
Planting Seeds	3,077	3,472	3,802	4,192	6,014	7,245 *	6,556	-10%
Sugars, Sweeteners & Bever. Bases	4,244	12,878	13,505	20,623	13,562	9,711	2,207	-77%
Other Intermediate Products	7,449	6,142	6,592	6,735	7,605	8,209	8,991 *	10%
Consumer-Oriented Agricultural Total	4,407	4,591	5,988	14,187	12,688	14,727	24,733 *	68%
Snack Foods (excluding nuts)	518	1,367	1,671	1,403	2,413	2,378	2,365	-1%
Breakfast Cereals & Pancake Mix	79	144	134	247	290	573	946 *	65%
Red Meats, Chilled/Frozen	323	322	279	684	347	335	452	35%
Red Meats, Prepared/Preserved	18	3	30	49	76	63	90	43%
Poultry Meat	46	42	164	268	355	504	393	-22%
Dairy Products	1,990	335	420	6,027	3,122	2,577	5,574	116%
Eggs & Products	154	142	135	147	260	257	563 *	119%
Fresh Fruit	17	51	17	4	33	3	69	2200%
Fresh Vegetables	0	12	28	124	48	228	31	-86%
Processed Fruit & Vegetables	143	999	719	1,290	1,373	1,433	4,897 *	242%
Fruit & Vegetable Juices	13	0	38	61	100	271	343 *	27%
Tree Nuts	279	51	504	1,102 *	535	542	848	56%
Wine and Beer	55	102	156	545	503	1,091	1,893 *	74%
Nursery Products & Cut Flowers	155	114	24	111	43	43	73	70%
Pet Foods, Dog/Cat	16	34	43	222	703	1,451	3,185 *	120%
Other Consumer-Oriented Products	600	873	1,627	1,902	2,486	2,980	3,010	1%
Wood Products Total	1,577	1,644	2,067	3,621	4,353	5,714	7,473 *	31%
Logs	21	76	9	36	0	8	39	388%
Lumber	68	102	115	239	379	791	815	3%
Plywood & Panel Products	547	391	596	891	596	968	1,839 *	90%
Other Wood Products	941	1,075	1,346	2,455	3,378	3,947	4,779 *	21%
Fish & Seafood Products Total (Edible)	438	135	214	691 *	488	368	300	-18%
Salmon, Whole/Eviscerated	0	22	12	19	0	0	0	NA
Salmon, Canned	0	0	0	0	0	0	3	NA
Crab & Crabmeat	0	0	0	0	0	22	0	-100%
Surimi (fish paste)	N/A	N/A	N/A	0	12 *	5	11	120%
Roe & Urchin	316 *	50	155	240	211	0	33	NA
Other Edible Fish & Seafood Products	121	64	46	433 *	266	340	253	-26%
Agricultural Product Total	34,933	61,945	69,737	89,318	107,178	97,890	164,312	68%
Agricultural, Fish & Wood Product Total	36,948	63,724	72,018	93,630	112,019	103,972	172,085	66%

Note: (*) Highest export level since at least 1970; N/A = not available.

Source: Trade and Marketing Analysis Branch, TEAD/ITP/FAS

Market Updates

Japanese Imports of U.S. Prefabricated Housing Sets Record

Japan's imports of U.S. prefabricated housing reached a record \$51 million in 1995, up from \$32 million in 1994 and \$18 million in 1993. According to a Japanese Ministry of Commerce (MOC) survey, Japan built a total of 4,575 imported homes in 1995, a 75-percent increase over a year earlier. This upward trend provides evidence that the market for imported housing is taking off: the 1995 rate of increase in total prefab housing imports is higher than 1994's 50-percent increase and 1993's 27-percent growth rate. The MOC survey further revealed that 78 percent of all imported homes were built with two-by-fours or two-by-four panels, and that the vast majority of these homes (86 percent) are used for primary residences.

The growth in imported housing is attributed to its lower price, superior durability, better insulation, and greater livability. Japan's high housing costs, the strong yen, and an increasing interest in two-by-four construction generated by FAS' Market Promotion Program have spurred demand for imported prefabricated housing. According to a local Japanese publication, annual Japanese imports of prefabricated housing units may reach 30,000 units by the year 2000.

Stronger European Union Import Demand Leads to Record U.S. Orange Juice Exports

U.S. orange juice exports in marketing year 1994/95 (December-November) reached a record \$271 million, or 83,433 tons (65 degrees Brix). Exports of frozen concentrated orange juice and single strength juice increased to 54,463 tons and 28,970 tons, respectively. U.S. shipments to the European Union increased by more than 30 percent, with the Netherlands, France, and Belgium/Luxembourg accounting for the bulk of the expansion. Orange juice exports also increased to nontraditional markets in the Middle East and Eastern Europe.

In contrast to the sales increases to these markets, U.S. orange juice exports to Japan declined dramatically in 1994/95. Distribution problems, lower than anticipated consumption, and substantial supplies of the lower priced Brazilian product limited U.S. exports to Japan last season. Supported by market promotion activities under the Market Promotion Program, Florida especially benefitted from the export increases to Europe and the Middle East. U.S. orange juice shipments should continue to expand in 1995/96, with exports forecast at a record 95,000 tons. Major U.S. customers will continue to be countries in the EU, Canada, Japan, and Korea.

Brazil To Open Market To Florida Citrus

During technical meetings held in early February, USDA and Brazilian plant quarantine officials reached agreement on entry requirements for citrus from the state of Florida. The understanding followed a visit by Brazilian officials to citrus-producing areas in Florida in December 1995. In order to allow Brazil time to implement the logistical requirements of the agreement, the effective date of the market opening was delayed until March 1, 1996.

The Florida citrus industry views Brazil as a market with promising potential. The opening of the Brazilian market to Florida citrus comes at an opportune time, as the industry is facing increasing production in the coming years. Efforts to open up other, currently closed markets to Florida citrus are ongoing. These include Mexico, Argentina, Australia, and China.

Over the past several years, Brazil has emerged as an important new outlet for U.S. horticultural products, including fresh fruit. In calendar year 1995, U.S. shipments of fresh fruit were valued at \$21 million, up 41 percent from the previous year. Some uncertainty remains over Brazil's phytosanitary requirements for several of the key commodities, notably apples, pears, and table grapes. However, the two sides continue to hold technical discussions and outstanding concerns may be resolved in the near future.

...Market Updates

Brazil Not To Levy Countervailing Duties On U.S. Cotton

The Brazilian Government has concluded its countervailing duty investigation on imports of U.S. cotton. The investigation did not find a causal link between U.S. cotton programs and the alleged injury to Brazilian producers. As a result of the Government's ruling, countervailing duties will not be applied to Brazilian imports of U.S. cotton. The Brazilian cotton producer organization is threatening to file a lawsuit in opposition to the Brazilian Government's findings.

Other members of the Brazilian industry are discussing other policies to assist Brazilian cotton producers. One of the alternatives under consideration is the establishment of domestic credit lines to assist the purchase of domestically produced cotton. A second alternative is to establish a tariff-rate quota restricting the quantity of cotton entering Brazil under the current duty of 3 percent and impose a higher duty for additional imports. Brazilian producers reportedly favor a price trigger mechanism that would increase duties on cotton imports which enter below a certain price. Although it would be unfortunate for Brazilians to impose additional import barriers, it is unlikely that U.S. cotton would be placed at an unfair disadvantage relative to cotton from other sources.

El Salvador Reduces Corn Import Duty

El Salvador recently cut its import duty on yellow corn from 10 to 1 percent. The action was taken to lower price levels to El Salvadorian consumers. In the past few years, El Salvador's annual corn imports have exceeded 100,000 tons. All of El Salvador's corn imports are being supplied by the United States. The current action should impact favorably on U.S. exports.

Florida Requests Import Restrictions On Mexican Produce

Florida filed a Section 201 complaint on March 11, 1996 calling for the International Trade Commission to investigate if surges in Mexican tomato and bell pepper imports have injured the U.S. winter vegetable industry. According to Florida officials, the state stands to lose \$1 billion a year to Mexican produce sold in the United States at below the cost of production, in violation of the North American Free Trade Agreement.

A favorable finding from the International Trade Commission could result in relief measures, including special duties or tariffs on imports from Mexico. A similar complaint filed last year by Florida growers was rejected by the International Trade Commission on the grounds that Florida represents only a small part of the total U.S. tomato industry. Officials involved in filing the current complaint believe it has a better chance of succeeding because they are approaching the situation on behalf of the whole industry rather than just for the Florida, seasonal industry. They argue that what hurts the Florida industry hurts the entire U.S. industry.

Another key difference in the latest complaint is that the Florida growers did not file for "provisional relief," which is immediate, short-term help. By doing this, the International Trade Commission gets 180 days to consider the case, instead of the shorter turn-around time (about 21 days) required in petitions asking for immediate relief. The International Trade Commission has not yet made a decision on whether it will consider the Florida complaint.

...Market Updates

Turkey To Tender For Breeding Cattle

The Turkish Ministry of Agriculture has announced intentions to purchase 16,600 dairy and beef breeding cattle in a series of fifteen tenders scheduled to take place between March 18 and April 4, 1996. Together with future tenders that will extend into 1997, total Turkish purchases are expected to exceed 100,000 head. The cattle will be assigned to agricultural cooperatives as part of a Ministry effort to stimulate rural development and dampen food price inflation by improving the efficiency of the Turkish dairy and beef sectors.

By building on shipments that took place in late December 1995 and early January 1996, which totaled 5,700 bred Holstein heifers, U.S. exporters are in an excellent position to participate in the Turkish tenders. With reduced shipments of dairy cattle to Mexico due to the peso devaluation, U.S. exporters are expected to bid aggressively in order to capture a significant share of the Turkish purchases.

Brazil Raises Tariff On Dairy Products

On February 15, the Government of Brazil published Directive 29, which raised the duty on selected dairy product imports. For condensed milk, butter, and butter oil, the directive raised the duty from 16 to 30 percent; for mozzarella and most other types of low fat cheeses, the duty went from 24 to 30 percent. These new duties are scheduled to be in effect until April 28 when they revert back to 16 percent, the common external tariff rate (CXT) for imports of dairy products into Mercosul countries. Brazil is pushing to raise the dairy CXT rate to 20 percent.

Brazil's dairy imports from all sources increased markedly in 1995. U.S. exports of butterfat to Brazil in 1995 reached \$1 million, 12 times that of 1994, while cheese export value totaled \$5.3 million, roughly three times the 1994 level. Although U.S. exports of condensed milk to Brazil last year were relatively small at \$30,000, they were six times greater than the 1994 level.

China Increases Rice Export Quota For State Trading Company

The rice export quota for the Chinese state trading company, Ceroilfood, was increased to 300,000 tons for the period February 1996 to February 1997. After years as a net rice exporter, China banned rice exports late in 1994 and exported only 32,000 tons in calendar year 1995. Despite the possibility of a dramatic increase in Chinese rice exports, it is expected that China will remain a net rice importer in 1996. Imports of rice by China are currently forecast at 750,000 tons for calendar year 1996, down from an estimated 1.7 million tons in 1995.

Thailand Decides Not To Subsidize Rice Exports

The Thai government's Rice Policy Committee has decided not to award export subsidies of \$20 per ton on exports of low quality rice citing that current world price levels are sufficiently high enough that export supports are unnecessary. The Thai government reviews market conditions on a semi-annual basis and has regularly instituted short-term subsidy programs in order to boost export sales prior to the planting season for its main and second crops. Thailand's spring 1995 export subsidy program resulted in severe financial losses for many exporters as advance contract registration requirements locked exporters into low price commitments while prices rose during the stipulated delivery period.

Turkey Out Of The Barley Export Business

The Government of Turkey has decided not to grant export licenses for barley, probably for the remainder of their crop year (until June 1996). This policy comes at the time of an 800,000 ton optional origin Saudi purchase which cleared out nearly all long positions in world barley markets. The government-owned Turkish Marketing Organization, TMO, has exported less than 2,000 tons this marketing year, as compared to approximately 1 million tons during the 1994/95 marketing year (June/May). The tight domestic stock situation has encouraged speculative stock holding by small private enterprises, helping to drive prices above world levels.

U.S. Exports of Agricultural, Fish & Wood Products to All Countries

Calendar Years 1989 to 1995 (\$1,000)

Product	Calendar Years						% Chg	
	1989	1990	1991	1992	1993	1994	1995	94/95
Bulk Agricultural Total	22,813,257	20,232,083	18,348,386	19,687,248	18,593,458	18,951,466	26,018,597	37%
Wheat	5,886,505	3,839,037	3,292,138	4,449,324	4,664,582	4,056,007	5,447,333	34%
Coarse Grains	7,738,137	7,036,717	5,722,597	5,736,599	5,000,598	4,731,925	8,152,928	72%
Rice	971,123	801,527	753,557	726,072	771,312	1,010,548	997,833	-1%
Soybeans	3,942,468	3,549,508	3,956,443	4,380,402	4,598,746	4,330,427	5,400,038	25%
Cotton	2,268,501	2,798,495	2,491,999	2,010,338	1,540,678	2,676,263	3,713,889 *	39%
Tobacco	1,301,173	1,441,116	1,427,631	1,650,559 *	1,306,067	1,302,745	1,399,863	7%
Pulses	298,404	353,111	268,414	191,656	213,254	280,649	264,153	-6%
Peanuts	192,670	203,373	180,304	240,308	204,576	187,552	266,243	42%
Other Bulk Commodities	214,275	209,199	255,304	301,989	293,645	375,352	376,318	0%
Intermediate Agricultural Total	8,645,875	8,573,907	8,789,224	9,231,134	8,973,466	9,749,696	10,992,075 *	13%
Wheat Flour	257,937	182,956	184,256	184,317	205,729	211,248	236,368	12%
Soybean Meal	1,212,295	1,005,103	1,155,307	1,294,722	1,132,041	958,920	1,074,516	12%
Soybean Oil	358,723	312,930	222,126	376,202	363,897	525,077	694,080	32%
Other Vegetable Oils	423,994	394,790	418,144	502,732	543,897	671,187	921,440 *	37%
Feeds & Fodders (excl. pet foods)	1,596,995	1,572,369	1,605,732	1,722,327	1,744,163	1,738,454	1,902,403 *	9%
Live Animals	490,501	513,783	686,563 *	607,891	518,927	587,352	519,242	-12%
Hides & Skins	1,696,164	1,729,731	1,357,570	1,326,054	1,268,658	1,507,616	1,727,629	15%
Animal Fats	510,153	428,729	426,824	515,214	501,702	598,546	788,703 *	32%
Planting Seeds	510,214	588,723	671,655	675,011 *	619,359	648,614	666,360	3%
Sugars, Sweeteners & Bever. Bases	409,198	572,052	634,101	573,921	567,807	656,761	629,634	-4%
Other Intermediate Products	1,179,702	1,272,743	1,426,946	1,452,744	1,507,288	1,645,921	1,831,699 *	11%
Consumer-Oriented Agricultural Total	8,379,789	10,465,615	11,967,920	13,895,994	14,911,316	16,988,134	18,787,618 *	11%
Snack Foods (excluding nuts)	364,429	530,125	633,040	829,679	1,024,643	1,101,668 *	1,049,207	-5%
Breakfast Cereals & Pancake Mix	91,881	157,882	216,802	219,762	252,993	291,979 *	275,239	-6%
Red Meats, Chilled/Frozen	2,213,602	2,394,495	2,660,267	3,112,361	3,055,222	3,383,394	4,162,666 *	23%
Red Meats, Prepared/Preserved	100,638	135,998	165,101	181,562	220,038	253,621	283,988 *	12%
Poultry Meat	509,426	672,888	817,913	928,464	1,100,613	1,570,414	2,025,713 *	29%
Dairy Products	430,741	328,053	462,956	793,754	857,487 *	753,257	796,750	6%
Eggs & Products	90,685	101,979	143,367	139,234	139,438	164,653	170,719	4%
Fresh Fruit	1,134,657	1,486,489	1,561,053	1,683,344	1,707,147	1,953,767	1,972,864 *	1%
Fresh Vegetables	356,015	728,648	832,935	899,624	985,953	1,046,789	1,068,572 *	2%
Processed Fruit & Vegetables	1,003,616	1,246,753	1,394,490	1,558,121	1,639,583	1,720,891	1,906,561 *	11%
Fruit & Vegetable Juices	291,248	375,497	385,414	461,017	469,517	543,013	659,043 *	21%
Tree Nuts	683,332	801,120	867,704	928,531	998,246	1,106,416	1,169,129 *	6%
Wine and Beer	206,095	266,202	315,756	369,181	379,301	532,735	648,681 *	22%
Nursery Products & Cut Flowers	104,887	186,741	201,442	201,321	209,397 *	197,985	193,300	-2%
Pet Foods, Dog/Cat	175,539	244,038	329,772	399,630	497,621	577,943	630,237 *	9%
Other Consumer-Oriented Products	622,997	808,706	979,907	1,190,410	1,374,116	1,789,607 *	1,774,949	-1%
Wood Products Total	6,013,514	6,481,227	6,429,179	6,741,685	7,281,313 *	7,029,961	7,184,684	2%
Logs	2,368,026	2,388,921	2,074,432	2,140,010	2,489,560 *	2,277,981	2,287,347	0%
Lumber	2,040,251	2,127,895	2,203,353	2,322,491	2,449,643 *	2,428,150	2,411,741	-1%
Plywood & Panel Products	642,703	769,983	735,227	847,867	906,397	944,360	996,592 *	6%
Other Wood Products	962,534	1,194,428	1,416,167	1,431,317	1,435,714	1,379,471	1,489,003 *	8%
Fish & Seafood Products Total (Edible)	2,283,151	2,776,759	3,035,383	3,353,935 *	2,959,086	3,002,265	3,138,220	5%
Salmon, Whole/Viscerated	729,294	666,582	436,975	681,663	583,060	518,413	545,283	5%
Salmon, Canned	89,744	104,276	133,644	154,401	160,416	161,577	174,946 *	8%
Crab & Crabmeat	253,674	363,251	431,411	448,050 *	417,660	349,136	209,070	-40%
Surimi (fish paste)	N/A	N/A	N/A	367,627 *	274,322	318,850	353,433	11%
Roe & Urchin	263,246	289,458	389,031	421,396	415,319	408,963	505,873 *	24%
Other Edible Fish & Seafood Products	947,192	1,353,193	1,644,322 *	1,280,798	1,108,309	1,245,325	1,349,614	8%
Agricultural Product Total	39,838,921	39,271,605	39,105,530	42,814,376	42,478,240	45,689,296	55,798,290 *	22%
Agricultural, Fish & Wood Product Total	48,135,586	48,529,591	48,570,092	52,909,996	52,718,639	55,721,522	66,121,194 *	19%

Note: (*) Highest export level since at least 1970; N/A = not available.

Source: Trade and Marketing Analysis Branch, TEAD/ITP/FAS

U.S. Exports of Agricultural, Fish & Forest Products by Major Group

Monthly and Annual Performance Indicators

Export Values	December			October-December			Fiscal Year		
	1994	1995		FY '95	FY '96		1995	1996(f)	
	-- \$Billion --		Chg	-- \$Billion --		Chg	--- \$Billion ---		Chg
Grains and Feeds 1/	1.499	1.806	20%	4.207	5.409	29%	17.637	21.0	19%
Wheat & Flour	0.444	0.555	25%	1.252	1.734	39%	5.201	6.7	29%
Rice	0.103	0.094	-8%	0.328	0.276	-16%	1.050	1.0	-5%
Coarse Grains 2/	0.603	0.808	34%	1.576	2.318	47%	7.411	8.7	17%
Corn	0.536	0.664	24%	1.374	2.058	50%	6.619	7.8	18%
Feeds & Fodders	0.219	0.214	-2%	0.635	0.657	3%	2.511	3.0	19%
Oilseeds and Products	0.997	0.944	-5%	2.689	2.672	-1%	9.119	10.0	10%
Soybeans	0.618	0.662	7%	1.659	1.784	8%	5.274	6.3	19%
Soybean Cakes & Meals	0.098	0.095	-3%	0.276	0.271	-2%	1.079	1.3	20%
Soybean Oil	0.090	0.027	-70%	0.220	0.105	-52%	0.809	0.5	-38%
Other Vegetable Oils	0.099	0.080	-20%	0.226	0.230	2%	0.918	N/A	N/A
Livestock Products	0.631	0.654	4%	1.956	2.119	8%	7.808	8.8	13%
Red Meats	0.301	0.331	10%	0.957	1.117	17%	4.044	4.7	16%
Hides, Skins & Furs	0.137	0.125	-9%	0.386	0.395	2%	1.719	1.9	11%
Poultry Products	0.198	0.248	25%	0.577	0.714	24%	2.210	2.4	9%
Poultry Meat	0.169	0.216	28%	0.482	0.616	28%	1.867	N/A	N/A
Dairy Products	0.077	0.073	-4%	0.202	0.191	-5%	0.812	0.9	11%
Unmanufactured Tobacco	0.133	0.141	6%	0.363	0.434	19%	1.329	1.4	5%
Cotton and Linters	0.392	0.494	26%	0.754	0.972	29%	3.496	2.7	-23%
Planting Seeds	0.101	0.087	-14%	0.215	0.202	-6%	0.680	0.7	3%
Horticultural Products	0.840	0.746	-11%	2.559	2.483	-3%	9.110	10.0	10%
Sugar & Tropical Products	0.164	0.151	-8%	0.524	0.505	-4%	1.940	2.1	8%
Forest Products 4/	0.594	0.569	-4%	1.797	1.708	-5%	7.274	N/A	N/A
Fish and Seafood Products 4/	0.172	0.178	3%	0.662	0.628	-5%	3.172	N/A	N/A
Total Agriculture	5.032	5.344	6%	14.046	15.701	12%	54.141	60.0	11%
Total Ag., Fish & Forest	5.799	6.091	5%	16.505	18.036	9%	64.587	N/A	N/A

Export Volumes	--- MMT---			--- MMT---			--- MMT---		
			Chg			Chg			Chg
Grains and Feeds 1/	10.754	9.891	-8%	29.745	30.471	2%	118.626	N/A	N/A
Wheat	2.834	2.689	-5%	8.522	8.754	3%	32.094	33.5	4%
Wheat Flour	0.094	0.068	-28%	0.244	0.132	-46%	1.184	1.0	-16%
Rice	0.406	0.254	-37%	1.261	0.773	-39%	3.767	3.2	-15%
Coarse Grains 2/	5.941	5.599	-6%	15.747	16.872	7%	65.670	58.7	-11%
Corn	5.246	4.677	-11%	13.701	15.074	10%	58.645	53.0	-10%
Feeds & Fodders	1.256	1.042	-17%	3.300	3.231	-2%	13.483	13.8	2%
Oilseeds and Products	3.854	3.170	-18%	10.499	9.144	-13%	34.050	30.9	-9%
Soybeans	2.837	2.439	-14%	7.691	6.873	-11%	23.584	22.0	-7%
Soybean Cakes & Meals	0.538	0.433	-19%	1.500	1.295	-14%	6.094	5.3	-13%
Soybean Oil	0.139	0.044	-69%	0.347	0.168	-51%	1.216	0.8	-34%
Other Vegetable Oils	0.143	0.112	-21%	0.320	0.325	2%	1.281	N/A	N/A
Livestock Products 3/	0.313	0.287	-8%	0.928	0.939	1%	3.681	N/A	N/A
Red Meats	0.097	0.111	14%	0.303	0.351	16%	1.262	1.5	19%
Poultry Products 3/	0.172	0.222	29%	0.490	0.619	27%	1.943	N/A	N/A
Poultry Meat	0.167	0.217	30%	0.476	0.606	27%	1.901	2.2	16%
Dairy Products 3/	0.042	0.057	35%	0.102	0.127	25%	0.447	N/A	N/A
Unmanufactured Tobacco	0.019	0.022	13%	0.053	0.065	23%	0.197	N/A	N/A
Cotton & Linters	0.249	0.275	11%	0.492	0.543	10%	2.068	1.7	-18%
Planting Seeds	0.053	0.057	8%	0.133	0.136	3%	0.541	N/A	N/A
Horticultural Products 3/	0.587	0.586	-0%	1.908	1.828	-4%	7.001	7.5	7%
Sugar & Tropical Products 3/	0.095	0.088	-7%	0.280	0.287	3%	1.104	N/A	N/A
Total Agriculture 3/	16.137	14.655	-9%	44.629	44.161	-1%	169.660	161.6	-5%

Notes: 1/ Includes pulses, corn gluten feed and meal; 2/ includes corn, oats, barley, rye and sorghum; 3/ includes only those items measured in metric tons; 4/ items not included in agricultural product totals. N/A = not available.

FY 1996 forecasts (f) are based on USDA's "Outlook for Agricultural Exports," published February 21, 1996.

U.S. Agricultural Export Value by Region

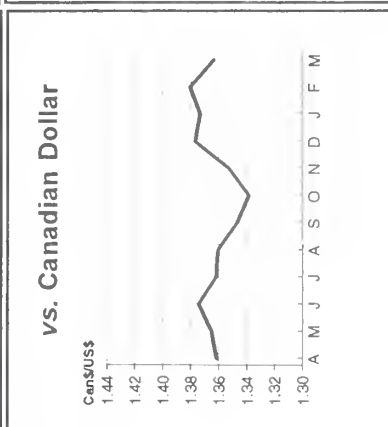
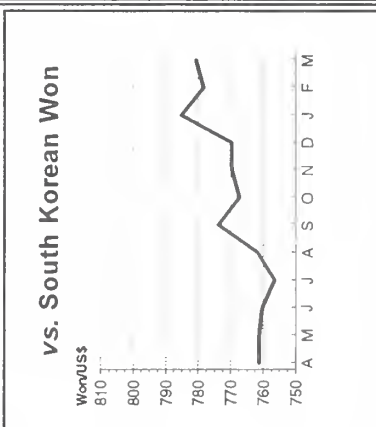
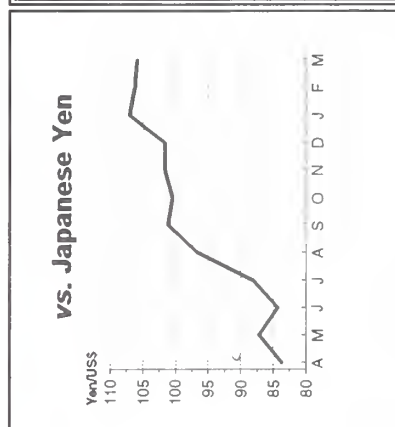
Monthly and Annual Performance Indicators

	December			October-December			Fiscal Year		
	1994	1995	Chg	FY '95	FY '96	Chg	1995	1996(f)	Chg
	-- \$Billion --	-- \$Billion --		-- \$Billion --	-- \$Billion --		-- \$Billion --	-- \$Billion --	
Western Europe	0.901	1.002	11%	2.565	2.707	6%	8.606	9.4	9%
European Union 1/	0.871	0.972	12%	2.459	2.609	6%	8.256	9.0	9%
Other Western Europe	0.031	0.030	-2%	0.107	0.098	-8%	0.350	0.4	14%
Central & Eastern Europe	0.030	0.054	81%	0.105	0.111	6%	0.283	0.3	6%
Former Soviet Union	0.065	0.160	147%	0.261	0.435	67%	1.158	1.5	30%
Russian Federation	0.057	0.117	105%	0.195	0.315	61%	0.911	1.3	43%
Asia	1.899	2.215	17%	5.353	6.832	28%	23.979	27.7	16%
Japan	0.782	0.928	19%	2.440	2.950	21%	10.447	11.7	12%
China	0.169	0.153	-9%	0.294	0.513	75%	2.413	2.9	20%
Other East Asia	0.644	0.687	7%	1.790	2.068	16%	7.562	9.0	19%
Taiwan	0.231	0.229	-1%	0.654	0.698	7%	2.552	2.8	10%
South Korea	0.272	0.328	21%	0.745	0.919	23%	3.576	4.6	29%
Hong Kong	0.141	0.129	-8%	0.388	0.450	16%	1.425	1.6	12%
Other Asia	0.305	0.447	46%	0.829	1.301	57%	3.558	4.1	15%
Pakistan	0.026	0.037	39%	0.093	0.155	67%	0.389	0.5	29%
Philippines	0.047	0.086	83%	0.156	0.233	50%	0.675	0.8	18%
Middle East	0.230	0.229	-1%	0.641	0.676	5%	2.404	2.7	12%
Israel	0.039	0.049	25%	0.116	0.145	25%	0.452	0.5	11%
Saudi Arabia	0.048	0.077	61%	0.135	0.174	29%	0.479	0.5	4%
Africa	0.309	0.343	11%	0.810	0.818	1%	2.806	3.2	14%
North Africa	0.237	0.259	9%	0.599	0.568	-5%	1.972	2.2	12%
Egypt	0.158	0.182	15%	0.390	0.404	4%	1.294	1.4	8%
Algeria	0.057	0.044	-24%	0.137	0.086	-37%	0.440	0.5	14%
Sub-Saharan Africa	0.071	0.085	18%	0.211	0.250	19%	0.833	1.0	20%
Latin America	0.926	0.792	-15%	2.439	2.260	-7%	8.101	8.5	5%
Mexico	0.424	0.379	-11%	1.168	0.987	-15%	3.700	3.8	3%
Other Latin America	0.502	0.413	-18%	1.272	1.273	0%	4.401	4.7	7%
Brazil	0.112	0.060	-46%	0.321	0.171	-47%	0.638	0.6	-6%
Venezuela	0.048	0.028	-42%	0.109	0.090	-17%	0.493	0.5	1%
Canada	0.558	0.446	-20%	1.549	1.451	-6%	5.830	6.1	5%
Oceania	0.074	0.037	-50%	0.181	0.118	-35%	0.563	0.6	7%
World Total	5.032	5.344	6%	14.046	15.701	12%	54.143	60.0	11%

Note: 1/ EU-15 includes the newest member states of Austria, Finland and Sweden.

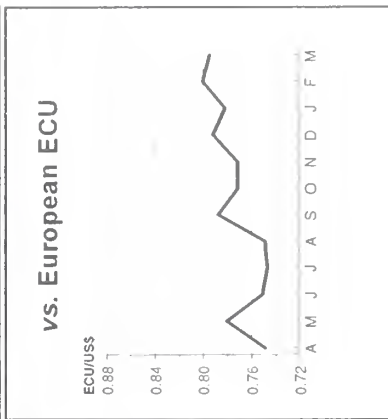
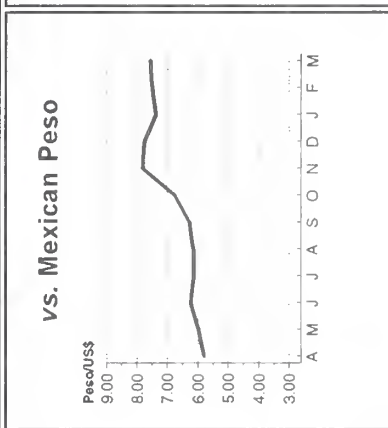
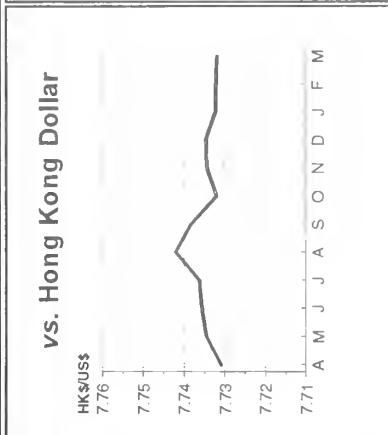
FY 1996 forecasts (f) are based on USDA's "Outlook for U.S. Agricultural Exports," published February 21, 1996.

Value Of U.S. Dollar Against Major World Currencies Daily Spot Quotations & Monthly Averages



Currencies	Current Rate 3/15/96	Month Ago 2/15/95	Year Ago 3/95	% Change Year Ago 3/95
Argentine Peso	1.0000	.9996	1.00	0.0
Australian Dollar	1.2938	1.3240	1.3995	-7.55
Brazilian Real	.9850	.978	.89	10.67
Canadian Dollar	1.3639	1.3780	1.4125	-3.44
Hong Kong Dollar	7.7318	7.7328	7.7320	0.00
Japanese Yen	105.87	105.53	90.84	16.54
Mexican Peso	7.5625	7.5250	6.6350	13.98
Taiwan Dollar	27.453	27.46	26.10	5.18
South Korean Won	780.65	777.90	780.45	0.02
European ECU	.79447	.80106	.77340	2.72
-British Pound	.6538	.6504	.6258	4.47
-French Franc	5.0445	5.0562	4.9500	1.91
-German Mark	1.4723	1.4668	1.4160	3.98

NOTE: Exchange rates are daily spot quotes as of 3:00 PM Eastern Time, March 15, 1996.
Source: TEAD/ITP/FAS Exchange Rate Database and Wall Street Journal.



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